

Treasury Scorecard FY11-14

Goal: Help the Economy	
Action	Results
<i>Created the Small Business Banking Partnership, an innovative program to move state deposits from international financial institutions into small, local, and regional banks in Massachusetts to support small business lending.</i>	<p>Starting from zero in Fiscal Year 11, the program has grown by FY14 to include:</p> <ul style="list-style-type: none"> • \$359 million on deposit. • 53 participating banks. • Leveraged 9,300 loans totaling \$1.5B. • Emphasis on Gateway Cities and companies owned by women, people of color, immigrants, and veterans. <p>Small businesses of all types, ranging from restaurants to service companies to precision manufacturers to technology companies have benefited from the loans.</p>
<i>Strengthened the Massachusetts Lottery, already widely regarded as one of the most successful in the nation, to protect its role as the largest source of unrestricted local aid for the Commonwealth's cities and towns.</i>	<ul style="list-style-type: none"> • Sales have climbed to \$4.86 billion in Fiscal 2014, up from \$4.42 billion in FY10, a 10% increase. Sales hit record levels in three successive years; FY12, FY13, and FY14. • Profits rose 7.6% from FY10 to FY14, marked by three record years, including achieving an all-time high in FY12 of \$983.8 M. FY14's profit (\$971.9M) was the second largest and FY13's was third. • The Lottery refreshed its product lineup continually, dropping unsuccessful games and introducing new hits such as the \$30 "World Class Millions" instant ticket, offering the highest "scratch and win" prize in its history. • The growth at the Lottery was accompanied by a reform agenda that curbed patronage hiring, tightened financial controls, and increased oversight of operations. • The Lottery achieved this with a reduction from 406 to 394 full-time employees through attrition and by returning an estimated \$2.1 million in administrative savings back to the state in FY14. • Planning for the future, the Lottery has begun the process of developing new computer and vendor-terminal systems to replace its current obsolete equipment.

<p><i>Improve customer service and performance at Unclaimed Property Division by increasing responsiveness and outreach, returning more property to its rightful owners, and continuing to make a substantial contribution to state revenues.</i></p>	<p>From Fiscal Year 2011 to FY 14:</p> <ul style="list-style-type: none"> • Total claims paid rose to \$112.4 million from \$76.3M. • Returns to the state budget rose to \$99.4M from \$64.6M. • UCP staff participated in 93 outreach events compared with 35 FY11. • Additionally the department launched new initiatives to work with legislators, veterans organizations, and other civic groups to search databases for people owed unclaimed property. • UCP fielded 231,000 phone and email inquiries up from 172,500 in FY11. • UCP entered into a series of settlements with life insurance companies that engaged in industry-wide practices that often resulted in failure to pay death benefits to appropriate parties. So far 12 insurance companies have settled, returning a total of \$112 million. • Division was renamed from “abandoned property” to underscore its new focus.
<p><i>Benefited local communities and school districts benefit through the Massachusetts School Building Authority.</i></p>	<ul style="list-style-type: none"> • In Fiscal Years 2011-14, MSBA has: <ul style="list-style-type: none"> ○ Approved 79 core projects with budgets totaling approximately \$4 billion, ○ Approved 181 green repairs projects with budgets totaling approximately \$366 million, ○ Currently working with 70 districts on 132 Accelerated Repair Projects, and ○ Created the Science Lab Initiative that currently has eight districts partnering with the MSBA with budgets totaling approximately \$72 million. • Milestone economic study by Northeastern University found that since its inception, MSBA has: <ul style="list-style-type: none"> ○ Added \$7.764 billion addition to the Massachusetts Gross State Product. ○ Created nearly 10,000 jobs per year. ○ Generated \$4.526 billion in total employment earnings. ○ Produced \$411.8 million in total additional state tax revenue. • In its lifespan, MSBA has resulted in more than \$2.9 billion in avoided interest cost for cities and towns. The authority has completed final audits of more than 1,000 projects totaling over \$16 billion, finding that the authority achieved savings of over \$1.4 billion.

<p><i>New successes and expanded role for Massachusetts Clean Water Trust.</i></p>	<ul style="list-style-type: none"> • In FY 11-14, the Trust financed 224 water infrastructure projects totaling \$711M. • Created approximately 4,266 Massachusetts construction jobs. • New legislation provides the Trust with greater flexibility in lowering loan interest rates or principle forgiveness to cities and towns. • Better reflecting its mission, organization was renamed the Massachusetts Clean Water Trust.
<p><i>Serve Massachusetts veterans through increased outreach and streamlined claim processing for the Welcome Home Bonus and other veterans' bonus programs.</i></p>	<ul style="list-style-type: none"> • In Fiscal Years 2011-2014, the Veterans Bonus Department: <ul style="list-style-type: none"> ○ Paid a total of 16,300 claims, ○ Totaling \$10.4 million for the Iraq/Afghanistan Welcome Home Bonus, and ○ \$150,000 in bonuses for services in other wars. • The department successfully implemented the subsequent tour bonus program that provides additional benefits to Iraq and Afghanistan-era veterans who serve additional tours of duty. • Program rose to the challenge of a spike in Vietnam War bonuses in FY13 that were nearly triple the usual level. • Department is in constant contact with Department of Veterans' Services, as well as local Veterans' Services Officers (VSO's) for outreach to returning veterans as part of a proactive response to expedite claims. • Department is focusing special attention on older applicants who have only received a one-time bonus but are eligible to receive an additional bonus but have not yet applied.
<p><i>Won enactment of legislation to provide retirement benefits to workers at small non-profits.</i></p>	<ul style="list-style-type: none"> • Successfully sponsored the legislation that leverages the state's deferred compensation plan to make retirement benefits available for more non-profit employees. • These workers make up 14% of Massachusetts workforce totaling 450,000 individuals and provide vital services to the people of the state. • Developed plan guidelines that were submitted to the Internal Revenue Service. • Non-profit sector better able to recruit and retain talent under enacted legislation.

<p><i>Enhanced and reformed the Treasury's financial education and empowerment programs.</i></p>	<ul style="list-style-type: none"> • Won enactment of the Financial Literacy Trust Fund, which allowed the Treasurer's Office to seek private funding for programs without having to rely on financial service firms that do business with the Commonwealth. • Treasury's Financial Education Department, under the direction of the Trust's Board, launched initiatives to enhance financial literacy in Massachusetts to four targeted populations: <ul style="list-style-type: none"> ○ Low and moderate income families – by holding the department's Money Conferences in Gateway Cities including Lowell, Fall River/New Bedford, Holyoke, Brockton, Barnstable, and Everett. <p>Also conducted a "Train the Trainers" program to enhance the expertise of those who provide financial advice at the grassroots level.</p> <ul style="list-style-type: none"> ○ Seniors – by awarding two grants of \$10,000 each to organizations that serve senior citizens. ○ Veterans – working with Department of Veterans Services and the Massachusetts National Guard to engage 300 Veterans, Servicemembers, and their families to participate in "Operation Money Wise," a conference designed for military personnel, veterans, and their families. ○ K-12 students – working with the Department of Elementary and Secondary Education to issue an RFI for an online educational tool for students. <p>Additionally, Treasurer serves on Board advising a legislatively created pilot program for financial education in Gateway City high schools.</p>
<p><i>Goal: Protect the Public's Money</i></p>	
<p>Action</p>	<p>Results</p>
<p><i>Put major Treasury contracts up for competitive bidding to ensure that the taxpayers receive the best possible value for their dollars.</i></p>	<ul style="list-style-type: none"> • Competitively bid contract to provide investor management services for the Massachusetts Municipal Depository Trust (MMDT). \$8.17M in anticipated savings over 3 years. • Core banking services competitively bid. Savings of

	<p>\$915,000 annually, or \$2.745M over 3 years.</p> <ul style="list-style-type: none"> • Re-bid major legal service contracts. • In FY14, Deferred Compensation Program started a series of new procurements, beginning with a new deal on the program's administrator/record-keeper that is expected to save 20% on annual fees of \$1.5 million. • Another Deferred Compensation rebid cut the commission fee in half, with an estimated savings of \$535,000.
<i>More transparent and financially prudent management of the Commonwealth's borrowing.</i>	<ul style="list-style-type: none"> • Helped oversee the upgrade of the Commonwealth's bond rating to AA+ from AA. Estimated to save the Commonwealth \$30M over the life of the borrowings. • First state in the nation to offer "Green Bonds," which invested \$100 million in environmentally related projects. The program both benefitted the environment and also attracted new investors to Massachusetts securities. • Prudently refinanced a portion of the Commonwealth's outstanding debt to take advantage of low interest rates. Estimated savings of \$12.25M. • Launched new Investor Website (massbondholder.com) that provides comprehensive disclosure of Massachusetts's finances. • Created "MassDirect Notes" Program, an electronic trading platform that provides direct-to-retail-customer sales of state securities, which dramatically reduces borrowing costs to Commonwealth. • Treasurer was co-host of Commonwealth's first annual Investor Conference in Boston and participant in subsequent investor presentations that have helped protect the strong market demand for the state's securities.

Goal: Enhance Government Transparency

Action	Results
<i>Helped create the Massachusetts Open Checkbook (mass.gov/opencheckbook) in cooperation with the Executive Office for Administration and Finance and the State Comptroller.</i>	<ul style="list-style-type: none"> • Initial release made available 85% of state agency expenditures online via a user-friendly web site. • Site includes salary and pension data. • Won "A" ratings from transparency advocates. • Subsequent revisions to the site added data from quasi-independent agencies include the Massachusetts Bay Transportation Authority. • All agencies affiliated with the Office of the Treasurer

	including the Pension Reserves Investment Management Board and the Massachusetts School Building Authority are on Open Checkbook.
<i>Commitment to diversity and merit-based hiring at Treasury & Lottery.</i>	<ul style="list-style-type: none"> • Overall, 35% of new hires at Treasury and the Lottery are from diverse backgrounds. • Human Resource departments are under new leadership and promulgated new policies. • Safeguards adopted to guard against undue political influence in hiring decisions.
<i>Reform of the Pension Reserves Investment Management Board (PRIM) to improve results, expand its role in U.S. corporate governance, and be more accountable to the public.</i>	<ul style="list-style-type: none"> • Benefiting from a robust rebound in the public markets, the value of the PRIM fund rebounded to \$60.6 billion at the end of Fiscal 2014, more than \$10 billion higher than its pre-Great Recession level. But more important, PRIM has revised its asset allocations to significantly reduce risk and be less vulnerable to future downturns. • The target rate of return for the fund has been reset at 8.0% (from 8.25%) to put PRIM in line with its historic rate of performance and national benchmarks. • Audit of PRIM's foreign exchange trading resulted in recovering \$15.5 million in overcharges following negotiations and resolution. • Direct hedge fund investments at PRIM has resulted in anticipated savings of \$36M annually and follow-up Project SAVE program is expected to increase the overall savings and value enhancement to \$100 million per year, mainly in reduced investment fees. • Adopted new PRIM Board proxy voting guidelines concerning excessive executive compensation, predatory lending practices, environmental standards, and gender and racial diversity on corporate boards, often referred to as "zero tolerance for zero diversity." <ul style="list-style-type: none"> ○ 2011 - 17.3% of votes against management recommendations related to director elections ○ 2012 - 23.2% of votes against management recommendations related to director elections ○ 2013 - 25.8% of votes against management recommendations related to director elections